

MINUTES

ASSEMBLY COMMITTEE ON JUDICIARY
January 22, 1979

Members Present:

Chairman Hayes
Vice Chairman Stewart
Mr. Banner
Mr. Brady
Mr. Coulter
Mr. Fielding
Mr. Horn
Mr. Malone
Mr. Polish
Mr. Sena

Members Absent:

Mr. Prengaman

Guests Present:

Ed Bowers	Gaming Industry Association
Shannon Bybee	Golden Nugget
R. E. Cahill	Nevada Resort Association
Lynne Carter	Gaming Control Board, Legal
Weldon Clifton	Gaming Control Board
Stephen F. Hyde	Caesar's Palace
G. J. McHugh	Gaming Control Board
Doug Oien	Harrah's
Philip Pro	Gaming Control Board, Legal
Senator Mike Sloan	
John H. Stratton	Gaming Control Board

Chairman Hayes called the meeting to order at 9:35 a.m.

COMMITTEE BILL INTRODUCTIONS

Chairman Hayes noted that copies of proposed legislation were being circulated among the Committee members for consideration as Committee introductions.

STATEMENTS OF GAMING INDUSTRY REPRESENTATIVES

Mr. Bybee stated that in his presentation he wanted to give an overview of the gaming industry from the perspectives of being with the Gaming Control Board and presently working in the industry. He said that it was apparent to him that neither the industry nor the State fully appreciate or understand each other's problems. He said there is a continual tension or line of irritation between the two groups which he felt was a healthy situation.

Mr. Bybee said that if the time arrives where there is not a conflict, it means that one group is probably too dominant of the other. He then went into a discussion of salaries of those employed by the Gaming Control Board. He said that for Nevada to continue to stay with the industry, it will have to pay higher salaries for Board members and particularly those responsible individuals whose positions require them to make more judgments and more decisions.

Mr. Bybee said that one of the tools of gaming control is the "Black Book." He said this item was initiated in the administration of Governor Sawyer in the early 1960's. One challenge has been made to the "Black Book" which was taken as far as the U.S. Supreme Court. The Supreme Court refused to hear the matter, and the position of the State of Nevada was upheld. He said, however, that the State at this point is not able to say that all challenges will be upheld in its favor, and later in the meeting indicated that there will most likely be a court challenge from the latest addition to the book. He said that there is no written set of criteria for putting an individual in this category, but generally stated that for a person to be included in the book, he would have to have a demonstrable record of some kind, i.e., convictions or arrests, or repeated contacts with undesirable elements, and whose presence in Nevada casinos would be a detriment to the industry.

Mr. Bybee discussed internal controls for auditing that are presently used by the industry. He then discussed aspects of foreign gaming and how far the State of Nevada should regulate its present licensees in their involvement out of the State. He said he could see possible court situations arising if Nevada stepped in to keep a Nevada licensee out of another area. However, he felt that if the foreign jurisdiction could not demonstrate that its laws were adequate to control the industry, Nevada's system of regulation would probably be upheld.

Chairman Hayes questioned Mr. Bybee about placing a time limit for a person who has left the Gaming Control Board to have to wait until he or she would be able to work in private industry. Mr. Bybee answered that it would probably be in the State's best interest to place this type of restriction on its employees, but on the other hand, the employee would then be limited by not being able to perform in the type of job situation he had become experienced in.

In regard to Mr. Bybee's statement about adequate controls in other jurisdictions as being the only basis for denying foreign participation by Nevada licensees, Mr. Coulter asked what might happen in New Jersey if the license for the Resorts

International casino was to be denied. Mr. Bybee said he had sat in on some of the hearings regarding Resorts International. He said New Jersey staff people seemed to be as sincere as those in Nevada, and the State of New Jersey has contributed more of their resources to gaming control at this point than Nevada has in comparison. He said there is a good possibility that the Resorts license would be denied, but he said this denial would not mean that New Jersey does not have tight enough gaming controls.

Mr. Stewart said that Gaming Control people feel they could be better able to prosecute in some cases if they had the use of wiretapping. He asked Mr. Bybee what his opinion would be. Mr. Bybee said that if he was a Gaming Control member, he would be in favor of wiretapping, and it would make his job easier. However, he said that as a citizen, it would bother him to see government having so much power in the area of gaming.

Mr. Stewart said there is a requirement that stock certificates issued for a Nevada licensee have a legend which must state that issuance of the certificate is subject to the gaming regulations of the State of Nevada. He asked Mr. Bybee for his comments in this regard. Mr. Bybee said that the industry is trying to work out some type of different phrasing or notification for this legend. He said industry feels that the State has not clearly identified a problem that would make this type of notification necessary.

Mr. Stewart asked for comments regarding the entertainment exception. Mr. Bybee said he felt this item had been abused and he did not think the Legislature should exempt casino employees involved in directing entertainment from licensing.

Mr. Stewart said he had heard comments about making gambling debts legal. Mr. Bybee said this was a policy issue and that he nor his Board of Directors had a position either way.

Mr. Hyde related his concerns regarding salaries for Gaming Control employees. He said the salaries were not holding people; therefore, turnover was evident on the industry side of the picture. He related that different auditors come to his casino every time an audit is done, and he said one particular audit was begun three different times with three different sets of auditors.

Mr. Stewart related to action taken by Caesar's Palace to avoid payment of the casino entertainment tax. Mr. Hyde said that with the present State surplus, he did not feel the State really needed to take any action to collect more revenues.

Mr. Stewart asked what the difference was in Nevada's gaming taxes and New Jersey's taxes. Mr. Hyde said that the big difference was Nevada's 5.5% tax on gross gaming revenues compared to 8% or 8 1/2% charged in New Jersey.

Mr. Oien said that he agreed with the comments that had been made, and he said that one of the problems of controls presently facing the Gaming Control Board was that of electronic data processing.

Mr. Cahill made a short statement to the Board endorsing the comments that had been previously made by those appearing before the Committee. He briefly outlined to the Committee how the association he represents functions.

SUBCOMMITTEE APPOINTMENTS

As a subcommittee on Pornography, Chairman Hayes appointed Mr. Stewart, chairman, and Mr. Coulter.

As a subcommittee on the Prison, Chairman Hayes appointed Mr. Brady, chairman, and Mr. Polish.

Chairman Hayes adjourned the meeting at 10:55 a.m.

Respectfully submitted,

Carl R. Ruthstrom Jr.

Carl R. Ruthstrom, Jr.
Secretary